

**Bay Stae Gas Company**  
**Metscan Recovery Request**  
**Summary of Pro Forma Adjustments**

| <u>Ln.<br/>No.</u> | <u>Description</u>                       | <u>Detail<br/>(1)<br/>\$</u> | <u>Amount<br/>(2)<br/>\$</u> | <u>Reference<br/>(3)</u>  |
|--------------------|--|------------------------------|------------------------------|---------------------------|
| 1                  | <b>Revenue Requirement Adjustments:</b>  |                              |                              |                           |
| 2                  | <b><u>O&amp;M Expense Reduction:</u></b> |                              |                              |                           |
| 3                  | Eliminate Lease Payment from O&M Expense |                              | 2,919,051                    | Sch. JES -6, Pg. 17 of 20 |
| 4                  | <b><u>Increase In Amortization:</u></b>  |                              |                              |                           |
| 5                  | Amortization of costs:                   |                              |                              |                           |
| 6                  | Capital                                  | 3,121,366.00                 |                              |                           |
| 7                  | Lease Payment                            | <u>10,095,381.51</u>         |                              |                           |
| 8                  | Total                                    | 13,216,747.51                |                              |                           |
| 9                  | PBR Period                               | 5                            | 2,643,350                    | Sch. JES -8, Pg. 3 of 3   |
| 10                 | <b><u>Rate Base Reduction</u></b>        |                              |                              |                           |
| 11                 | Early retirement of Metscan:             |                              |                              |                           |
| 12                 | Gross Plant                              |                              | 5,266,582                    | Sch. JES -13, Pg. 3 of 4  |
| 13                 | Reserve for Depreciation                 |                              | (2,145,215)                  | Sch. JES -13, Pg. 3 of 4  |
| 14                 | Acc. Deferred Income Tax                 |                              | <u>(558,752)</u>             | Sch. JES -13, Pg. 3 of 4  |
| 15                 | Net Rate Base Reduction (Lns. 5 thru 7)  |                              | 2,562,615                    |                           |

Bay State Gas Company  
Metscan Recovery Request  
Revenue Requirement Impact

| Ln.<br>No. | Description  | Detail<br>(1)<br>\$ | Amount<br>(2)<br>\$     | Reference<br>(3)          |
|------------|--|---------------------|-------------------------|---------------------------|
| 1          | <b>Unadjusted Test Year Revenue Requirement :</b>    |                     |                         |                           |
| 2          | Lease Payment  |                     | 2,919,051               | Sch. JES -6, Pg. 17 of 20 |
| 3          | Depreciation:  |                     |                         |                           |
| 4          | Gross Plant @ 12/31/04                               | 5,911,031           |                         | Sch. JES -7, Pg. 3 of 4   |
| 5          | Depreciation Rate                                    | <u>24.71%</u>       |                         | Sch. JES -7, Pg. 3 of 4   |
| 6          | Depreciation (Ln. 5 * Ln. 4)                         |                     | 1,460,616               |                           |
| 7          | Return:  |                     |                         |                           |
| 8          | Gross Plant @ 12/31/04                               | 5,911,031           |                         | WP JES -13, Pg. 2 of 2    |
| 9          | Reserve for Depreciation                             | (2,302,696)         |                         | WP JES -13, Pg. 2 of 2    |
| 10         | Acc. Deferred Income Tax                             | <u>(645,895)</u>    |                         | WP JES -13, Pg. 2 of 2    |
| 11         | Net Rate Base (Lns. 8,9 &10)                         | 2,962,440           |                         |                           |
| 12         | Rate of Return                                       | <u>9.05%</u>        |                         | Sch. JES -12              |
| 13         | Return (Ln. 11 * Ln. 12)                             |                     | 268,101                 |                           |
| 14         | Federal Income & MA State Franchise Tax:             |                     |                         |                           |
| 15         | Equity Return (11.5% * 53.95% * Ln. 11)              | 183,671             |                         |                           |
| 16         | Tax Factor (39.225%/60.775%)                         | <u>64.54%</u>       |                         |                           |
| 17         | Tax (Ln. 15 * Ln. 16)                                |                     | <u>118,543</u>          |                           |
| 18         | <b>Unadjusted Test Year Revenue Requirement</b>      |                     | <b>4,766,311</b>        |                           |
| 19         |  |                     |                         |                           |
| 20         | <b>Revenue Requirement Adjustments:</b>              |                     |                         |                           |
| 21         | Eliminate Lease Payment                              |                     | (2,919,051)             | Sch. JES -6, Pg. 17 of 20 |
| 22         | Depreciation:  |                     |                         |                           |
| 23         | Retirements 3/05                                     | 5,266,582           |                         | Sch. JES -7, Pg. 3 of 4   |
| 24         | Depreciation Rate                                    | <u>24.71%</u>       |                         | Sch. JES -7, Pg. 3 of 4   |
| 25         | Depreciation (Ln. 23 * Ln. 24)                       |                     | (1,301,372)             |                           |
| 26         | Amortization of remaining costs                      |                     | 2,643,350               | Sch. JES -8, Pg. 3 of 3   |
| 27         | Return reduction due to early retirement:            |                     |                         |                           |
| 28         | Gross Plant  | 5,266,582           |                         | Sch. JES -13, Pg. 3 of 4  |
| 29         | Reserve for Depreciation                             | (2,145,215)         |                         | Sch. JES -13, Pg. 3 of 4  |
| 30         | Acc. Deferred Income Tax                             | <u>(558,752)</u>    |                         | Sch. JES -13, Pg. 3 of 4  |
| 31         | Net Rate Base (Lns. 25, 26 & 27)                     | 2,562,615           |                         |                           |
| 32         | Rate of Return                                       | <u>9.05%</u>        |                         | Sch. JES -12              |
| 33         | Return (Ln. 31 * Ln. 32)                             |                     | (231,917)               |                           |
| 34         | Federal Income & MA State Franchise Tax              |                     |                         |                           |
| 35         | Equity Return (11.5% * 53.95% * Ln. 31)              | (158,882)           |                         |                           |
| 36         | Tax Factor (39.225%/60.775%)                         | <u>64.54%</u>       |                         |                           |
| 37         | Tax (Ln. 35 * Ln. 36)                                |                     | <u>(102,544)</u>        |                           |
| 38         | <b>Adjusted Revenue Requirement (Ln. 18 thru 37)</b> |                     | <b><u>2,854,777</u></b> |                           |